

# From Recession to Recovery: Tangible Improvement in Business Performance

## Executive Summary

We are presenting a seven stage process which will enable your organisation to take action now to improve your performance in 2009. We outline the issues in the relevant sections on business analysis, using our 'Discovery Review' to assess the challenges facing your business, your current capabilities and the strategies you can implement in order to take corrective and preventative action with the overall aim of improving the financial health and growth of your enterprise.

This paper covers the following key seven areas which are central to our approach.

<b>Section 1</b>	<b>Outline &amp; Introduction</b>
<b>Section 2</b>	<b>Your Business &amp; The Economy</b>
<b>Section 3</b>	<b>Benefits to Your Business of Committing to Evaluation</b>
<b>Section 4</b>	<b>Business Analysis: Discovery Review</b>
<b>Section 5</b>	<b>Managing &amp; Implementing the Change</b>
<b>Section 6</b>	<b>Measurement &amp; Continuous Review</b>
<b>Section 7</b>	<b>Summary &amp; Steps to Engagement</b>

## The Challenge to Business in 2009

The Economic downturn is having a radical impact on most businesses. This discussion document outlines the major forces for change and some of the strategies that as a multi-disciplinary team, we can use to support organisations in overcoming that challenge.

We will go into some depth in our analysis but please note that many of the trends and changes outlined may also be applicable to you in your particular organisation. We will also refer to relevant research findings to support our points.

After reading through this discussion paper you may want to pursue some of our thoughts and invite us in to apply our 'Discovery Review' process to your unique situation – should you wish to consider implementing changes to improve your competitiveness.

The diagnostic instruments we use will highlight those areas which are holding you back from achieving your potential as a business, and isolate the leverage points where we believe you will be able to make most improvement.

## 1. Outline & Introduction

We will explore economic challenges and client and customer issues as they impact your business. We would ask you to draw your own conclusions to your particular specialism and marketplace. Any professionally trained individual or group of individuals who rely on their technical/specialist skills will be able to extrapolate the trends outlined in this Paper to their own unique situation.

## **2. Your Business & the Economy**

It is unlikely that the Economy will be revived to the degree expected by Government action in the latter part of 2008 and early 2009. We know there will be winners and losers. We are supporting the former. We focus on improving tangible business performance.

### **2.1 Decline in Customer Base**

This is a good time to review how robust your business or organisation is performing while on the road to recovery. Many management teams and Organisations will be looking for new ways to deal with a severe decline in business activity.

Some are experiencing a marked decline in their client base which will continue into the summer of 2010. Many have failed to retain their core customers. The positive flow of income for many will be severely restricted, requiring many businesses to further cut costs and headcount. This creates even more problems for the struggling business when the economy eventually picks up.

It is also important to focus on your core business and plan to win new clients and customers at the expense of your rivals or competing Organisations.

This is not the time to stand still but, rather, a time to review how your organisation or business operates and how to leverage its strengths and remove those things which hinder business growth. Not all costs can be cut in the short term.

What is of concern is that if today you are not taking action, then you are not standing still, but taking a further pace backwards. This is not time for indecision.

### **2.2 Diagnostics – Create your Organisation's Future**

The success of any business is founded upon the actions we take every day. Every day we fail to take action, increases the risk to us of discontinuation of business. Organisations that have been around for a long time are just as much at risk as new start ups.

In some cases the more mature businesses have perhaps become too reliant on their traditional business model and need to revisit how their organisation operates.

We all think we know our businesses quite well. Do you really have the time to devote to assess and implement the changes required to help move the performance of your business to a new safe and secure level while at the same time doing what you do best in your business?

You may want to consider how best to improve the performance of your business. Your business is special and has its own unique history and culture. Events and key people have shaped how your business has fared in good and bad times. Now might be a good time to re-evaluate how you could achieve more for your business with dwindling resources.

### **2.3 Multi-Disciplinary Team of Change Makers**

Now might be the time to invest the energies and methodologies of a multi-disciplinary group to enable you to make the required transition.

What we provide is a Partnership in 'diagnosis and action'. We can listen to your problems and help you to design processes which will provide you with a precise and accurate

assessment of your organisation' strengths, core competencies and those things that hinder performance. Together, we can explore where you are most at risk, the opportunities you could pursue through reassessing your portfolio of services and how to minimise any threat to your business continuation.

The commitment to start that process starts with a short meeting resulting in a preliminary proposal, gathering data resulted in a short feedback session, and a presentation scoping out implementation plans for improvement.

### **3. Benefits to Your Business of Committing to Evaluation**

No one these days wants to change the way they do business without good reason. Most change because they are concerned that they will not achieve their Organisation's goals and objectives and they are ill-equipped to deal with the future.

#### **3.1 Indecisive Leadership in some Businesses**

We also note another behaviour which is common in organisations which is the realisation that change is inevitable but that Management Teams and key players and people are often indecisive.

Some resignedly accept that what will happen to them is inevitable and they are not in control of circumstances. This paradox in organisation development has a special term which is 'cognitive dissonance.' This means that those individuals know they have to change their behaviour as a business, but at the same time fail to do so. They become 'stuck' or 'frozen'.

#### **3.2 Clients & Customers in Decline**

The reality is that most organisations that provide technical or professional advice will lose customers. The rate of customer attrition depends on the market sector in which you operate, the services you provide and the degree to which these services fit with customer needs and demands.

Management teams can reverse the trend of client and customer migration – but only if they have a real perspective on their current ability to handle and take control during difficult and threatening times.

#### **3.3 Rational Strategy to Develop Certainty**

Certainty is a concept that draws us to engage in behaviours that will support us building a secure and certain future. This starts by taking 'a good look in the mirror' and asking – where are we going wrong and what can we do better?

It starts with asking the right strategic questions of yourself, your business and your Management Team. It continues when you address the difficult organisational questions and commit to taking positive action and sustain the momentum until you have achieved your objectives

We can support you with the best tools and experience around. We will ask you some tough questions and also tell you the truth about what is not working for your business, however painful that may be.

### 3.4 Change Strategies Drive Business Results

Our change strategies are robust and build resilience into your business culture. They have substance – they are not cosmetic. We support you in building a culture where performance is the norm.

We help you identify causal factors that impact performance and profitability and equally focus on those activities which add least value consuming valuable resource.

### 3.5 Consequences of Inaction

For many businesses the consequences of the recession are too dire to contemplate. Organisations with proud histories going back many years will no longer exist.

Clients and customers have changed in how they value service provision. We now have the 'butterfly' customer who flutters from one service provider to another. We just see them as a little more 'savvy' making decisions based not just on economic necessity, but also emotional grounds, and through the depth of relationships they have formed with your business.

We are living in the era which some describe as "customer authenticity" – where factors other than economic factors and technical precision form the decision to choose one service provider over another.

Many Organisations are not confronting the dual question of "What will, and will not happen to my business if I don't take any action?"

### 3.6 Strategy & Scenario Planning

If you use our approach together with our expertise, you will be in a much stronger position to build your Organisation while all around you others are losing theirs. From our initial diagnosis, we will work with you to build several plans for change and ensure that these are implemented in your business speedily and completely.

We are committed to closure and precision in our diagnosis and in the action we take. Now is not the time for piece-meal but, rather, relentless improvement in how you do things – from adding value, retaining your client base, growing new prospects for the organisation, reducing cycle time to compete and bill for existing work, cutting down radically on rework and waste and generally harnessing all the potential of staff to build a secure future.

### 3.7 Benefits of Taking Action

While others are being indecisive you are occupying your time investing in your future. By adopting a rational and rigorous approach to managing the future growth out of recession to recovery, you will be supporting your staff and your customers.

Your staff will see the action your organisation is taking and at the same time the organisation's clients and customers will see the confidence in your staff. Your organisation can achieve a great deal and slim down on those areas which provide little value.

## 4. Business Analysis: Discovery Review

A "Discovery Review" is what we refer to as using a variety of diagnostic tools or instruments that aid the diagnosis of core business problems. The important issue is that every organisation is different and may experience some common but also some unusual problems

specific to that organisation. This requires a bespoke approach, drawing up a multi-disciplinary view of the business.

#### 4.1 Partnership in Design

It is also critical that the senior manager of the organisation commit to the process and facilitate the collection of accurate data, information, opinions and viewpoints. For this reason, we usually work with a focal person within the business to ensure that all data collection is organised precisely to generate accurate and relevant information, both quantitative and qualitative.

The person may be a senior or an individual who is key in implementing the change – maybe a senior business manager and certainly someone who is central in managing staff and HR.

Generally, it is best to work with a senior manager as he or she will have the experience, breadth of vision and a full understanding of company dynamics. In businesses which are dispersed in several locations, it is best to appoint a Steering Group to ensure that communication and actions are coordinated efficiently.

#### 4.2 Undertaking the Discovery Review

From an early stage the senior manager or Steering Group have to agree to the focus, the content and the tools which will be used to collect data and viewpoints. It is usual to collect information from a customer and an internal perspective of the business other than financial analysis.

Focus	Methodologies
Strategy & Business Objectives, Branding and Identity, Client & Customer retention and expansion, markets, product portfolio	Strategic analysis Customer Reviews – external Competitor Analysis – positioning SWOT, Vulnerability & Risk Assessment
Structural, vertical and horizontal reporting relationships	Organisational design review
Web Technology and presence, digital strategy and telecoms, Customer relationship management	Website review. Search Engine Optimisation Communications process and database review
Processes & Systems, Communicating externally and internally	Process analysis Supply Chain
Business Culture, Motivation, Teams, Communication and People	Cultural analysis
Stakeholder, Customer & Investor relations	External Communications assessment, Marketing

#### 4.3 Data Collection Methods

The tools differ depending on the issues requiring exploration and can range from one to one interview to questionnaires, focus groups, surveys across internal and external to your organisation.

At this stage, the senior manager or Steering group agree the scope and depth of the process and commit their energies to ensuring that accurate information is collected which will later become the subject of a report and presentation back to the Steering Group.

The basis of this report will be to examine and gain a clear understanding of the challenges facing the organisation and also the actions that can be taken to move swiftly and painlessly towards a resolution of the problems.

#### **4.4 The Report for Business Improvement**

The purpose of the report is to highlight the actions that can be taken and the route adopted to best introduce these changes. An Implementation or Project Plan can then be designed and used as a template for measuring improvement. It is suggested at this time that we develop a scorecard or dashboard of business metrics by which we can measure improvement.

We find that useful measures fall into these categories.

<b>I</b>	<b>Business Results, Financial and Non Financial Measures and Ratios</b>
<b>II</b>	<b>Client &amp; Customer, Stakeholder (if appropriate) measures</b>
<b>III</b>	<b>Process &amp; Stream measures</b>
<b>IV</b>	<b>Internal Business Culture, Team and people metrics</b>

#### **4.5 Agree a Strategy and Goals for Change**

Based on the report it is important for senior decision makers to agree to a process whereby a change programme can be designed specifically to address the core problems and ensure that the changes are planned and introduced.

The management of project implementation is critical and for this reason we work tirelessly with the senior manager or the Steering Group, to ensure that we can map progress and, if required take remedial or corrective action if some areas of the business resist or have more difficulty introducing the changes.

We would ensure that a timetable of events is agreed and that frequent interaction would permit speedy resolution of the problems hampering or hindering the organisation from achieving its potential.

### **5. Implementing the Change: Assessing Readiness and Resistance**

Although some attest to liking the whole concept of change, many resist its introduction for a variety of reasons, and most of these relate to the organisation communicating sufficiently well with the key people who we want to implement the change, drive it and own it. We have all the necessary behavioural tools and processes to make this happen.

#### **5.1 Development & Implementation**

We have a strong background in management education and training and can tutor, coach, liaise, and influence to ensure that the changes are implemented. We are well versed in the latest learning strategies and running both large and small training or conference events.

Our motivation and authoritative manner is generally well accepted and our focus is entirely on improving business performance, customer retention, growth and profitability.

### **6. Measurement & Continuous Review**

"That which gets measured gets done"..... is a well known phrase that highlights the importance we place on measured improvement. We focus on measurement because, once

people notice improvement and can start differentiating those tasks that add value to those that do not, then the change initiative and project take on a momentum that is sustained and delivering significant business improvement.

## 6.1 Agreement of Measurement & Metrics

We can agree the most appropriate measures based on the dashboard suggestion made in section 4.4 above. It is also important to incorporate these measurements into monthly reporting of the organisation's business planning process and amend process improvement to take account of that.

It is also essential that key managers are responsible for the update and keeping of such data as is pertinent to the measures defined, and those which are most appropriate fitting with their role in the Organisation.

## 6.2 Communication of Progress

It has to be agreed which data will be public and that which should remain private and business confidential so not putting your business at risk from your competitors. The publication of data is important in sustaining the drive for change, maintaining motivation and building on success. When staff see tangible results and can witness improvement in set ratios, whether they be customer retention, fee income, improvement in absence management or team working, then the change has started to be absorbed into the fabric of the organisation and has been accepted as a necessary and important part of maintaining a strong and healthy business.

## 7. Summary & Steps to Engagement

We have attempted to explain the process that organisations can take to manage change and improve business performance.

Regarding our credibility, we have a long history of driving very effective change projects from very large 'blue chip' international businesses to SMEs. Our experience ranges from Banking & Financial Services to Bio Technology, from Plastics to Manufacturing, from Distilling to Professional Service provision.

We have consulted in a variety of industries and geographies Worldwide and have a solid and measured multi-disciplinary approach to change and improvement.

### 7.1 Steps of Engagement

If this discussion paper has captured your interest, we would be pleased to visit and meet with you to discuss options to enable you to move your business to the next level of performance.

After an initial discussion, we will undertake a short 'Discovery' exercise and feedback our conclusions before committing to a more thorough diagnosis on your business.

All our discussions with you and your business colleagues are confidential and we trust you might be interested in working with us to build a strong partnership together.

**Philip Atkinson and Jeffri Shapiro are the authors of this paper and the 'Discovery Review' patented process ® February 2009 ©**

## Sequential Approach: Diagrammatic Review of Tangible Improvement in Business Performance Process

Section	Content & Core Organisational Issues	Outcome
Executive Summary	Introduction to core steps to take corrective action to improve performance	Clarity of goals on improvement
Challenge in 2009	Improvement based on our rigorous seven step research process	Diagnostics designed to aid improvement
Initial Approach	Assess your business model and current performance	Highlight areas for rapid improvement
We partner with you and create a change team	Partnership with internal managers to research issues that currently put your business at risk – analysing core issues and processes using proven diagnostics	Initial research and analysis of measures and metrics for improvement
Benefits that accrue to you	We help you sell the process organisational wide	Communicate intention to all staff
Inaction and consequences	Assessing potential risks of failing to implement change – taking steps to prepare and handle any resistance to change	Pre- Plan for easing implementation into the business
Decisive leadership	Explain the 'Discovery Review' process and win commitment from senior management team to the process	Win support and prepare for change
Define Diagnostics	Decide on most appropriate and accurate diagnostics for analysis with client	Tailored diagnostics for collection of data
Prelim view of your customers or consumers	Focus on end user or customer retention, penetration and acquisition – metrics defined	Scope out areas for improvement and methods of measuring
Initiate Discovery Review	Deep and rich analysis of organisational and business issues for resolution and change	In-depth research into barriers to change
Complete analysis and report	Document and 'Discovery Review' completed together with potential implementation plans	Analysis completed and due to be feedback for action
Feedback to Top Team	Presentation to Top Team of Steering Group	Initial discussion and sharing of diagnosis
Potential Change Strategies agreed	In partnership building a robust culture early steps and scorecard to measure implementation plans – change team agreed	First steps – assessing readiness for change – timetable events
Engagement with all staff	Scope out who is to drive change and who in line management is to be a change champion	Leadership for change shared
Roll-out the process	Scoping out variety of implementation plans against time frames and evaluation criteria.	Steps to continuous improvement defined
Sell Benefits	Selling and communicating across the Organisation benefits that will accrue	Communication across the organisation
Initiate the change process	Complete implementation plan for improved performance start to be rolled out	Buy in by all staff – communicate the plan
Measure Progress	Allocate responsibilities and set up change team to monitor changes	Clarity in change team and progress measured
Review Progress	Change plan built into business planning and measured regularly via core metrics	Changes being implemented
Drive change into the line	Transfusion of the role of change into line manager role	Set up process of continuous improvement
Continuous Improvement	Lock continuous improvement into the business as 'change being business as usual'	Continued improvement